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CASE NOTE

The Third Circuit's New Test Provides An Alternative To *Urning* Secondary Meaning In The Market

INTRODUCTION

Protection for product design has largely been unavailable in the United States.¹ For this reason, design protection has been called the orphan of American intellectual property law.² Although limited protection may be found under copyright and patent law, a continued expansion of the scope of trademark law seems to be filling this void.³ Throughout the last two decades, the federal district courts have been reading section 43(a) of the Lanham Act expansively, transforming this unfair competition provision into a judge-made design law.⁴

This Note examines an example of this expansion, *Duraco Products, Inc. v. Joy Plastic Enterprises*,⁵ decided by the U.S. Court of Appeals for the Third Circuit. The issue facing the court was whether the configuration of a product, in contrast to its packaging, can ever constitute inherently distinctive trade dress.⁶ In an opinion by Judge Becker, the Third Circuit answered in the affirmative, but only under very narrow circumstances. In reaching this result, the court rejected the application of traditional trademark classifications to product configurations and established a test to determine when a product configuration is inherently distinctive.⁷ According to the court, an inherently distinctive product configuration must be: 1) unusual and memorable; 2) conceptually separable from the product; and 3) likely to serve primarily as a source designator.⁸

Part I of this Note discusses trademark law, reviews the existing protection under unfair competition, and discusses relevant case law involving product configuration under the Lanham Act. Part II sets out the factual and procedural background of the issues raised in *Duraco* and details the reasoning of the opinion. Part III examines the court's analysis of the protection issue, first addressing

1. J.H. Reichman, *Past and Current Trends in the Evolution of Design Protection Law - A Comment*, 4 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 387, 388 (1993).

2. John Pegram, *Trademark Protection of Product and Container Configurations*, 81 TRADEMARK REP. 1 (1990).

3. Ralph Brown, *Design Protection: An Overview*, 34 UCLA L. REV. 1341, 1357-59 (1987).

4. Reichman, *supra* note 1, at 392.

5. 40 F.3d 1431 (3d Cir. 1994).

6. *Id.* at 1433-34.

7. *Id.* at 1448-49.

8. *Id.* at 1449.

the analytical approach of *Duraco*'s new test, and second, discussing the court's rejection of the traditional trademark categories. Part III then discusses the broader issues of protection for unlimited monopolies, and the public's perception of the configuration of a product as an indicator of source.

This Note concludes that the Third Circuit has properly created guidelines that raise the threshold for a finding of inherently distinctive product configurations. The Third Circuit has attempted to develop a narrow exception for finding certain product configurations inherently distinctive and, in light of the Supreme Court's recent decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*,⁹ free from the requirement of proving secondary meaning in the market.¹⁰ Although at first blush it seems that the Third Circuit's test offers broad protection, attaching inherent distinctiveness immediately, the application of this new test yields a contrary result. The effect of *Duraco* is that very few, if any, product configurations will meet this test. Therefore, those seeking protection will have to prove secondary meaning in the market, placing the basis of trademark law protection on the public's perception, a proposition on which trademark law has historically relied.

I. BACKGROUND

A. Federal Protection under the Lanham Act

The Lanham Act regulates the registration and protection of trademarks.¹¹ A trademark is a source indicator that efficiently conveys information about the characteristics of the product and its source.¹² Consumers rely on trademarks to aid them in two ways: to identify products that they have purchased previously and to identify the source of the product, which they have come to associate with a certain level of quality.¹³ Under the Lanham Act, a trademark includes "any word, name, symbol, or device or any combination thereof . . . [used] to identi-

9. 505 U.S. 763 (1992). The Supreme Court's decision in *Two Pesos* modified one of the requirements for trade dress infringement under § 43(a) of the Lanham Act. The Court held that the decor of a Mexican restaurant, which was deemed inherently distinctive, did not have to show that it had acquired secondary meaning in the market. Therefore, a plaintiff claiming protection under § 43(a) must only prove that: 1) the trade dress is distinctive, *either* because it is inherently distinctive *or* because it has acquired secondary meaning; 2) the trade dress is not functional; and 3) the defendant's use of plaintiff's trade dress is likely to cause consumer confusion. *Id.* at 769 (emphasis added).

10. Secondary meaning is sometimes referred as acquired distinctiveness, and it is established when the consumer makes a mental association relating the trademark of a product to a specific producer. *Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 814 F.2d 346, 348 (7th Cir. 1987). *See also* *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982) (Acquiring secondary meaning means that "in the minds of the public, the primary significance of a [product's trademark or trade dress must be] to identify the source of the product rather than the product itself."). *See also infra* text accompanying notes 32-34.

11. Lanham Act §§ 1-46, 15 U.S.C. §§ 1051-1127 (1994).

12. Daniel J. Gifford, *The Interplay of Product Definition, Design and Trade Dress*, 75 MINN. L. REV. 769, 773 (1991).

13. *Id.* at 775.

fy and distinguish [a producer's] goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."¹⁴ Such an identifying feature, which in the eyes of the consuming public distinguishes the product of a particular company, is *distinctive*.¹⁵ Classic examples of distinctive trademarks are the marks KODAK,¹⁶ EXXON,¹⁷ the shape of Coca-Cola bottles,¹⁸ the color pink for fiberglass insulation,¹⁹ the pyramidal design of the Transamerica building,²⁰ and the design of McDonald's drive-in restaurants.²¹

There are four purposes for protecting trademarks under the Lanham Act.²² The Act's first goal is to protect consumers against confusion as to the source or sponsorship of goods or services.²³ Second, the Act promotes competition by helping consumers compare and distinguish among competing products and services.²⁴ In this sense, a trademark reduces the cost of information in the marketplace by giving the consumer "shorthand means" to recognize that particular manufacturer or sponsor.²⁵ This shorthand also carries the characteristics and qualities of the goods or services that the consumer wishes to obtain or refrain from obtaining.²⁶ Third, the Lanham Act encourages fair competition by proscribing "fraudulent representations about goods and services and the 'passing off' of one person's goods or services as those of another."²⁷ Lastly, the federal statute safeguards the producer's interests in its goodwill and reputation acquired through promotion and customer satisfaction.²⁸ This federal protection seeks to

14. Lanham Act § 45, 15 U.S.C. § 1127 (1994).

15. 1 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 2.01, at 2-3 (Rel. 29, 6/93). This quality is also known as "source indicativeness."

16. See *Eastman Kodak Co. v. Rakov*, 739 F. Supp. 116 (W.D.N.Y. 1989) (stating that Kodak is one of the most distinctive marks in the country).

17. See *Exxon Corp. v. Xoil Energy Resources, Inc.*, 552 F. Supp. 1008 (S.D.N.Y. 1981).

18. U.S. Trademark Regis. No. 696,147, Aug. 12, 1960. See also 1 MCCARTHY, *supra* note 15, § 7.31, 7-180 to 7-181 (Rel. 3, 12/94).

19. *In re Owens-Corning Fiberglass Corp.*, 774 F.2d 1116 (Fed. Cir. 1985).

20. Gary N. Hardiman, *Buildings as Trademarks*, *AJARCHITECT*, Aug. 1995, at 18.

21. See *McDonald's Corp. v. Moore*, 243 F. Supp. 255 (S.D. Ala. 1965), *aff'd per curiam*, 363 F.2d 435 (5th Cir. 1966).

22. Jay Dratler, *Trademark Protection for Industrial Designs*, 1988 U. ILL. L. REV. 887, 926 n.208 (1988). Dratler discusses the known goals of the statute even though there is a disagreement on how to state them. For example, the Lanham Act lists five goals as the "intent" of the Act, 15 U.S.C. § 1127 (1988). In *Park N'Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985), the Supreme Court has stated that there are two rationales in trademark law. Further, in *Scarves by Vera v. Todo Imports, Ltd.*, 544 F.2d 1167, 1172 (2d Cir. 1976), the court held that there are three interests in trademark law in cases of noncompeting products.

23. Dratler, *supra* note 22, at 926.

24. *Id.*; See S. REP. No. 1333, 79th Cong., 2d Sess. 1, 2 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275 ("Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.").

25. Dratler, *supra* note 22, at 926; *W.T. Rogers Co. v. Keene, Inc.*, 778 F.2d 334, 338-39 (7th Cir. 1985).

26. Dratler, *supra* note 22, at 926.

27. *Id.* at 927. See *infra* notes 60-61 and accompanying text.

28. Dratler, *supra* note 22, at 927. See S. REP. No. 1333, *supra* note 24, at 1, *reprinted in* 1946

foster competition and quality control by pledging the benefits of a good reputation to the producer.²⁹

Under the Act, the term “trademark” includes the amorphous concept of “trade dress.”³⁰ Traditionally, trade dress referred to the packaging or labeling of goods;³¹ however, it has evolved to refer to the composite image of a product, which may include different features such as the product’s size, shape, color or color combinations, texture, graphics, or the particular techniques used in selling the product.³² The term has also been recognized to include the configuration of the product itself.³³ The rationale behind the federal protection of a product’s trademark applies equally to a product’s trade dress because both perform the same informational function that aims to protect the purchaser and the producer.³⁴ In other words, a product’s trade dress can carry the same information about its source in the same manner as a trademark.

The Lanham Act requires that a trademark be “distinctive” in order to merit protection.³⁵ Both trademarks and trade dress can be classified into different categories along a “distinctiveness spectrum,”³⁶ and the protection afforded is related to the strength of the mark.³⁷ The distinctiveness categories, in order of increasing distinctiveness, are: 1) generic; 2) descriptive; 3) suggestive; and 4) arbitrary or fanciful.³⁸

First, a generic mark is the common descriptive name of a product;³⁹ it does not receive protection and can never be registered. If generic marks were actually allowed protection, competitors would not be able to accurately and efficiently

U.S.C.C.A.N. at 1274 (“[W]here the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.”).

29. *Park N’Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985).

30. See 1 MCCARTHY, *supra* note 15, § 8.01[2], 8-5 to 8-10 (Rel. 3, 12/94).

31. *Stormy Clime, Ltd. v. Progroup, Inc.*, 809 F.2d 971, 974 (2d Cir. 1987).

32. *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1535 (11th Cir. 1986) (citing *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 980 (11th Cir. 1983)), *cert. denied*, 481 U.S. 1041 (1987). *But see* *Prufrock v. Lasater*, 781 F.2d 129, 131-32 (8th Cir. 1986) (method and style of conducting business excluded from definition of trade dress).

33. See, e.g., *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71, 75 (2d Cir. 1985) (recognizing that “the design of a product itself may function as its packaging, serving to distinguish it from other products, and hence be protectable trade dress”); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.) (unique exterior design of twin hopper bottomed grain semi-trailer protected under § 43(a)), *cert. denied*, 429 U.S. 861 (1976).

34. Gifford, *supra* note 12, at 773-74.

35. 1 MCCARTHY, *supra* note 15, § 2.01, at 2-3.

36. The distinctiveness spectrum was formulated by Judge Friendly in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

37. Martin Hoffman, TRADE DRESS/PRODUCT SIMULATION OVERVIEW C913, ALI-ABA 219, 221 (1994).

38. *Abercrombie*, 537 F.2d at 9.

39. A generic name may be a common dictionary entry such as “cereal,” “soap,” or “journal,” or it may be a former trademark which like, “aspirin” or “linoleum” has been assimilated into the language as a common name. 1 MCCARTHY, *supra* note 15, § 2.01, at 2-4.

describe their products, therefore stifling competition.⁴⁰

Second, a descriptive mark may receive protection only after it acquires distinctiveness.⁴¹ A mark acquires distinctiveness when it has gained "secondary meaning" in the market.⁴² Secondary meaning refers to the mental association made by the consumer relating the trademark of a product to a specific producer,⁴³ and it can be proved by continuous and exclusive use in commerce over a period of time, generally measured in years.⁴⁴ From a practical standpoint, secondary meaning refers to the time and effort invested by the producer in placing its product in the marketplace.

Third, a suggestive mark, as its name implies, does not describe a product. Rather, it suggests a characteristic of the product. A suggestive mark requires the consumer's imagination in making the connection between the mark and an attribute of the product.⁴⁵ Suggestive marks can be protected without proof of secondary meaning.⁴⁶

Lastly, an arbitrary or fanciful mark receives the most protection because its only function is to directly identify and distinguish the goods that bear that mark.⁴⁷ Unlike generic and descriptive marks, arbitrary or fanciful marks do not declare "the nature, quality, characteristics, or ingredients of the products with which they are used,"⁴⁸ and unlike suggestive marks, they do not require that the observer or listener "use imagination or perception to determine the nature of the goods."⁴⁹ Arbitrary or fanciful marks are generally invented and do not yield any information about the product or its use.⁵⁰ In fact, sometimes common terms are arbitrarily used to denote the product's source.⁵¹

The latter two categories, suggestive marks and arbitrary or fanciful marks, are considered "inherently distinctive" and are automatically entitled to protection because the consuming public naturally understands them as designations of origin.⁵² Inherently distinctive marks may be registered with the Patent and Trademark Office and receive the most protection under the Act.⁵³ The purpose

40. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 116-19 (1938).

41. *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993).

42. *Id.*

43. *Vaughan Mfg. Co. v. Brikam Int'l, Inc.* 814 F.2d 346, 348 (7th Cir. 1987).

44. Section 2 of the Lanham Act, 15 U.S.C. § 1052(f), requires five years of exclusive use in commerce as prima facie evidence that the mark has become distinctive.

45. *Official Airline Guides*, 6 F.3d at 1391. See also 1 MCCARTHY, *supra* note 15, § 2.01, at 2-11 (citing examples of suggestive marks such as CATERPILLAR for tractors and DITTO for copying machines).

46. *Thompson Medical Co. v. Pfizer Inc.*, 753 F.2d 208, 216 (2d Cir. 1985).

47. *Id.*, § 3.01[1], at 3-2 (Rel. 1, 12/93).

48. *Dratler, supra* note 22, at 902.

49. *Heileman Brewing Co. v. Anheuser-Bush, Inc.*, 873 F.2d 985 (7th Cir. 1989).

50. 1 MCCARTHY, *supra* note 15, § 2.01, at 2-10 (citing examples of arbitrary and fanciful marks such as KODAK for film, and EXXON and CITGO for gasoline).

51. *Id.*, §§ 2.01, 2-10 to 2-11 (citing examples such as GODIVA for candy, CAMEL for cigarettes, SHELL for gasoline and 4711 for cologne).

52. *Id.*, § 2.01, at 2-9.

53. *Id.*, § 2.01, at 2-11.

of federal registration is to give notice of a mark's use. Registration also serves as evidence of the mark's validity.⁵⁴ When a producer uses another's registered trademark or trade dress, he may be liable for trademark infringement under section 32 of the Act.⁵⁵

B. Protecting Trade Dress Under Section 43(a) of the Lanham Act

Federal trademark protection is not limited to registered marks. Section 43(a) of the Lanham Act creates a federal cause of action for unfair competition.⁵⁶ An unregistered mark or trade dress may find protection under section 43(a) of the Lanham Act, which prohibits the use of false designations of origin.⁵⁷ In either a trademark infringement claim under section 32 or a claim for unfair competition under section 43(a) of the Lanham Act, a party seeking federal protection makes a prima facie case by showing that the unauthorized use of a similar mark by another is likely to confuse purchasers about the source of the product.⁵⁸ A false designation of origin is considered unfair competition. The underlying policy of unfair competition law allows a manufacturer to prevent others from creating a likelihood of confusion by making their goods look like those of the first manufacturer.⁵⁹ A competitor's use of confusingly similar trade dress can constitute a "false description or representation of fact," thereby triggering section 43(a) liability.⁶⁰ Trade dress infringement, like trademark infringement, is a type of unfair competition, derived from the common law tort of "passing off."⁶¹ Because section 43(a) has a strong basis in the common law, it is "the only provision in the Act that protects an unregistered mark"⁶² and proscribes a range of practices broader than the prohibition against infringement of registered marks.⁶³

54. Lanham Act §§ 2(d), 33, 15 U.S.C. §§ 1052(d), 1125.

55. 15 U.S.C. § 1114.

56. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780-81 (1992) (Stevens, J., concurring); *W.T. Rogers Co. v. Keene, Inc.*, 778 F.2d 334, 337 (7th Cir. 1985).

57. 15 U.S.C. § 1125(a).

58. *Lois Sportswear, Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir. 1986); Dratler, *supra* note 22, at 896.

59. Brown, *supra* note 3, at 1358.

60. *Chevron Chem. Co. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 700 (5th Cir. 1981). Further, § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), states:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

61. *Chevron*, 659 F.2d at 701 (stating that when a producer "passes off" his goods as those of another he deceives the consumers while taking advantage of another's goodwill).

62. 3 MCCARTHY, *supra* note 15, § 27.03[1][b], at 27-23 (Rel. 2, 4/94) (citing *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217 (2d Cir. 1987)).

63. *Inwood Labs., Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 858 (1982). Section 43(a) of the Lanham

In the last two decades, trade dress protection under the rubric of unfair competition has experienced remarkable expansion. The broad umbrella of section 43(a) of the Lanham Act has afforded protection to a wide variety of types of trade dress.⁶⁴ To succeed in a section 43(a) action against unprivileged imitation, the plaintiff must establish that the imitated feature or overall combination of features meets the following three elements:⁶⁵ 1) distinctiveness — the trade dress must identify and distinguish its source to consumers;⁶⁶ 2) non-functionality — the trade dress cannot be generated by utilitarian concerns;⁶⁷ and 3) likelihood of confusion — the unauthorized imitation is likely to confuse consumers about the product's source or sponsorship.⁶⁸ Further, in a trade dress infringement claim, the court compares the overall impression of the parties' goods, including the products and their packaging, labeling, and advertising.⁶⁹ The combination of features must be considered as a whole.⁷⁰

An important development in section 43(a) case law was the Supreme Court's 1992 landmark decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*⁷¹ Prior to *Two Pesos*, the federal appellate courts were split as to the requirements to meet the

Act has been applied to trade dress, false advertisement, disparagement, passing off, and unregistered marks, see generally 3 MCCARTHY, *supra* note 15, § 27.03[1][b], 27-22 to 27-25 (Rel. 2 4/94). Further, only those unregistered marks that qualify for registration in the Federal Register are eligible for § 43(a) protection. *Two Pesos*, 505 U.S. at 767-68.

64. See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (the theme and design of a Mexican restaurant); *Kohler Co. v. Moen Inc.* 12 F.3d 632 (7th Cir. 1993) (the design of a faucet and faucet lever); *Braun Inc. v. Dynamics Corp. of America*, 975 F.2d 815 (Fed. Cir. 1992) (the design of a blender); *Ferrari S.P.A. Esercizio Fabriche Automobili e Corse v. Roberts Motors Co.*, 944 F.2d 1235 (6th Cir. 1991) (the exterior of a sports automobile); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513 (10th Cir. 1987) (the shape of a fishing reel); *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986) (the wrapper of an ice cream bar); and *In re Morton Norwich*, 671 F.2d 1332 (C.C.P.A. 1982) (the configuration of a spray nozzle).

65. *Two Pesos*, 505 U.S. at 768-69.

66. This may be accomplished if the trade dress has acquired secondary meaning in the market, see *supra* text accompanying notes 41-44, or if the trade dress is inherently distinctive, see *supra* text accompanying notes 52-55. See also *infra* text accompanying note 77.

67. There is a split of authority regarding this element. The Third Circuit for instance, makes non-functionality an element of the cause of action. See *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628, 633-34 (3d Cir. 1992); similarly, the Ninth Circuit also requires that a claimant show non-functionality as an element of the prima facie case. See, e.g., *Clamp Mfg. v. Enco Mfg.*, 870 F.2d 512 (9th Cir. 1989). On the other hand, other jurisdictions consider non-functionality an affirmative defense. See *Abbott Labs. v. Mead Johnson & Co.*, 971 F.2d 6, 20 (7th Cir. 1992).

68. Likelihood of confusion refers to the likelihood that "an appreciable number of ordinarily prudent buyers [will] be misled, or indeed simply confused, as to the source of the goods in question." *Lois Sportswear v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir. 1986) (quoting *Thompson Medical Co. v. Pfizer, Inc.*, 753 F.2d 208, 213 (2d Cir. 1985)).

Likelihood of confusion is also a central element in a claim for trademark infringement under § 32 of the Lanham Act ("use . . . of a registered mark [that] is likely to cause confusion"), 15 U.S.C. § 1114(1)(a).

69. 1 MCCARTHY, *supra* note 15, § 3.01[1], at 3-2 (Rel. 1, 12/93).

70. *Id.*

71. 505 U.S. 763 (1992).

distinctiveness element in an infringement claim of unregistered trade dress.⁷² The influential Second Circuit required a showing of acquired secondary meaning,⁷³ whereas the Fifth Circuit allowed section 43(a) protection based on a finding of inherent distinctiveness alone, without proof of secondary meaning.⁷⁴ When *Two Pesos* was tried in front of a jury in the U.S. District Court for the Southern District of Texas, the jury found that: 1) the trade dress of a Mexican restaurant was non-functional; 2) it was inherently distinctive; 3) it had not acquired secondary meaning; and 4) a competitor's alleged infringement caused a likelihood of confusion.⁷⁵ On appeal, the Fifth Circuit agreed that the trade dress was inherently distinctive and held that because it was inherently distinctive it did not require a showing of secondary meaning.⁷⁶ The Supreme Court favored the Fifth Circuit's approach and held that a showing of secondary meaning is not required when the trade dress is deemed inherently distinctive.⁷⁷ The Court stated the general principle for determining whether a mark rises to the level of distinctiveness warranting protection under section 43(a) as follows: "an identifying mark is distinctive and capable of being protected if it is either (1) inherently distinctive or (2) has acquired distinctiveness through secondary meaning . . . [however,] eligibility for protection . . . depends on nonfunctionality."⁷⁸ The Court explained that in the absence of a textual basis for differing treatment, the protection given to an inherently distinctive verbal or symbolic trademark, applied equally to inherently distinctive trade dress.⁷⁹ In essence, the majority's opinion found that trade dress and trademarks were legal equivalents.⁸⁰ In eliminating the need to obtain secondary meaning, the Court reasoned that anti-competitive effects were foreclosed, especially when the burden of proving market perception fell on small new enterprises seeking to gain access to the market.⁸¹ The Court also feared that competitors would appropriate an inherently distinctive trade dress that a new producer had created for a specific market but had not yet had the time to build secondary meaning or expand into new markets.⁸² The Court's decision sparked much commentary not only because it removed the reliance placed on the public's perception of a product's

72. *Id.* at 767.

73. *See, e.g., Stormy Clime, Ltd. v. Progroup, Inc.* 809 F.2d 971, 974 (2d Cir. 1987). *See generally* Joan L. Dillon, *Two Pesos: More Interesting for What It Does Not Decide*, 83 TRADEMARK REP. 77, 77 n.5 (1993) (stating that the Third, Sixth, and Eighth Circuits, along with the Second Circuit, required proof of secondary meaning in order to protect trade dress).

74. *Two Pesos*, 505 U.S. at 772-73 (stating that the Ninth and Eleventh Circuits joined the Fifth Circuit in not requiring proof of secondary meaning when a trade dress is inherently distinctive). *See, e.g., Chevron Chem. v. Voluntary Purchasing Groups, Inc.*, 659 F.2d 695, 702 (5th Cir. 1981).

75. *Taco Cabana, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1117 (5th Cir. 1991).

76. *Id.*

77. *Two Pesos*, 505 U.S. at 773-74.

78. *Id.* at 769 (citations omitted).

79. *Id.* at 774. Therefore, the Court found that a trade dress may be just as inherently distinctive as an inherently distinctive verbal mark, such as KODAK or EXXON.

80. Dillon, *supra* note 73, at 85.

81. *Two Pesos*, 505 U.S. at 774.

82. *Id.*

trade dress, but most importantly because it did so without giving any guidance as to what constitutes inherently distinctive trade dress.⁸³

C. Case Law Developments of Product Configuration as Trade Dress

As stated above, the term "configuration" refers to the three-dimensional characteristics of a product. Among the various types of trade dress, the most similar to product configuration is the shape of the container which holds the product. However, the shape of a product container differs from the product configuration because the latter embodies the product itself, whereas the shape of the product container merely embodies the trappings that surround the product. On the other hand, the shape of a product container is a type of product packaging, which trademark law has traditionally considered trade dress. Under this view, courts have protected product containers as trade dress since the mid-sixties.⁸⁴

A decade later, in *Truck Equipment Service Co. v. Fruehauf Corp.* ("TESCO"),⁸⁵ the genesis of product configuration protection took place when the Eighth Circuit held that the profile of a grain truck was protectable trade dress under section 43(a) of the Lanham Act. In *TESCO*, the manufacturer of a bulk commodity semi-trailer known as the "Cornhusker 800" sought an injunction to prevent a competitor from producing a truck with an exterior appearance identical to the "Cornhusker 800."⁸⁶ The court found that *TESCO* had achieved secondary meaning in the market through sales during the preceding eight years. It determined that the imitated exterior appearance did not serve a utilitarian purpose and that this imitation, in fact, caused a likelihood of consumer confusion regarding the actual manufacturer. The court reasoned that manufacturers who invest time, money and effort in the development of goodwill and positive reputation are protected by the Lanham Act from those who seek to misappropriate those attributes.⁸⁷ *TESCO* was the first case to prohibit the imitation of three-dimensional product trade dress under unfair competition.⁸⁸ Since

83. See, e.g., Melissa R. Gleiberman, Note, *From Fast Cars to Fast Foods: Overbroad Protection of Product Trade Dress Under Section 43(a) of the Lanham Act*, 45 STAN. L. REV. 2037, 2041-44 (1993); Nancy Dwyer Chapman, *Trade Dress Protection in the United States After the Supreme Court's Decision in Two Pesos*, 387 PLIPAT 7, 13-16, 40-42 (1994); Dillon, *supra* note 73, at 82-85; 1 MCCARTHY *supra* note 15, § 7.02[7][d], at 7-72 to 7-73 (Rel. 28, 11/92).

84. See *In re Mogen David Wine Corp.*, 328 F.2d 925, 931 (C.C.P.A. 1964) (holding that the design of a wine decanter could be registered as a trademark under § 2 of the Lanham Act, 15 U.S.C. § 1052, because the term "trademark" is "one 'by which the goods of the applicant may be distinguished from the goods of others' and 'the mark used by the applicant has become distinctive of the applicant's goods in commerce'").

85. 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976). See Gleiberman, *supra* note 83, at 2039 (calling *TESCO* "the turning point" in expanding trade dress); see also Pegram, *supra* note 2, at 11 (describing *TESCO* as a "major milestone in the development of federal trademark-type protection of product configuration").

86. *TESCO*, 536 F.2d at 1210.

87. *Id.* at 1215.

88. Gleiberman, *supra* note 83, at 2039.

then, several circuit courts have provided protection to product configurations under the unfair competition provision of the Lanham Act.⁸⁹

Generally, in dealing with the three elements of a claim for protection under section 43(a) — distinctiveness, likelihood of confusion, and non-functionality — the cases involving product configuration have dealt more with the issue of whether or not a product configuration is functional, and less with the question of whether a configuration is capable of distinguishing a source.⁹⁰ Moreover, due to the factual nature of the proof, it has been easier for claimants to show that their product configurations have developed secondary meaning in the market or that there is a likelihood of purchaser confusion than it has been to show non-functionality. Furthermore, the doctrine of functionality has undergone several transformations, and the various jurisdictions do not agree on what makes a feature functional.⁹¹ To date, this area of the law continues to be in flux. Prior to *Duraco*, the Third Circuit decided a handful of cases dealing with product configurations, yet they dealt with issues of functionality and secondary meaning.⁹² With regard to inherent distinctiveness in product configurations, only the Federal Circuit had implied that product configurations may be inherently distinctive trade dress.⁹³

89. See, e.g., *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993) (the design of faucet and faucet lever); *Braun Inc. v. Dynamics Corp. of America*, 975 F.2d 815 (Fed. Cir. 1992) (the design of a blender); *Ferrari S.P.A. Esercizio Fabriche Automobile e Corse v. Roberts Motors Co.*, 944 F.2d 1235 (6th Cir. 1991) (the exterior of a sports automobile); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176 (7th Cir. 1989) (the handles and fan wheel cage of an exercise bicycle); *Stormy Clime, Ltd. v. Progroup, Inc.* 809 F.2d 971 (2d Cir. 1987) (the look of a rain jacket); *Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 812 F.2d 346 (7th Cir. 1987) (the configuration of folding table); *LeSportsac, Inc. v. K Mart Corp.*, 754 F.2d 71 (2d Cir. 1985) (the look of a bag); *Keene Corp. v. Paraflex Industries, Inc.*, 653 F.2d 822 (3d Cir. 1981) (the configuration of a light fixture).

90. Pegram, *supra* note 2, at 5.

91. See, e.g., *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 775 (1992) (affirming the law of the Fifth Circuit holding that “a design is legally functional, and thus unprotectable, if it is one of a limited number of equally efficient options available to competitors”); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982) (defining a feature as functional “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article”); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189 (7th Cir. 1989) (defining a feature as functional if it is one that it is “costly to design around or to do without,” rather than one that is costly to have); *Pagliero v. Wallace China Co.* 198 F.2d 339, 343 (9th Cir. 1952) (defining a feature as functional if it is “an important ingredient in the commercial success of the product” as opposed to something that primarily indicates source identification).

92. *Merchant & Evans v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628 (3d Cir. 1992); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1140 (3d Cir. 1986); *Keene Corp. v. Paraflex Industries*, 653 F.2d 822 (3d Cir. 1981).

93. *Braun, Inc. v. Dynamics Corp. of America*, 975 F.2d 815 (Fed. Cir. 1992); *Textron v. U.S. Int'l Trade Comm.*, 753 F.2d 1019 (Fed. Cir. 1985); *In re Morton-Norwich*, 671 F.2d 1332 (Fed. Cir. 1982). See also *Hanig & Co. v. Fisher & Co.*, No. 92 C1779, 1994 WL 97758 at *4 (N.D. Ill. Mar. 24, 1994); *Remcraft Lighting v. Maxim Lighting*, 706 F. Supp. 855 (S.D. Fla. 1989).

The Eleventh Circuit, however, had addressed the issue of inherent distinctiveness as it relates to traditional forms of trade dress, such as packaging and overall look. The court articulated a three-part test in *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854 (11th Cir. 1983), but it was inconsistently applied. A few years later, the Eleventh Circuit utilized a different test, applying to

Recently, in *Kohler Co. v. Moen, Inc.*,⁹⁴ the Seventh Circuit held that the configurations of a faucet and faucet lever were subject to trademark registration and protection under the Lanham Act. This case began when Kohler, a plumbing manufacturer, sought review of a Trademark Trial and Appeal Board ("TTAB") decision that permitted Moen, its competitor, to register as trademarks the designs of a faucet and a faucet lever. Kohler argued that a product design could not be registered as a trademark under the statutory definition of section 45 of the Lanham Act;⁹⁵ however, it did not challenge the findings of acquired secondary meaning and non-functionality.⁹⁶ The District Court for the Northern District of Illinois upheld the TTAB's decision. On appeal, the Seventh Circuit affirmed. The court first addressed the threshold issue of whether the statutory definition of "trademark" included product configurations under section 45 of the Lanham Act. In responding to this question, the court cited the Senate Report that accompanied the Trademark Law Revision Act of 1988, confirming that product configurations were not excluded from the definition of trademarks.⁹⁷ Although the resolution of this point is notable, the true significance of this case lies in the court's decision regarding the following issues: 1) whether the registration of a product configuration as a trademark conflicted with the patent law because it was the equivalent of a perpetual patent; and 2) whether such registration was anti-competitive, inhibiting product development and precluding the use of configurations resembling registered ones. The court responded in the negative to both questions.

In response to the first inquiry, the court explained that the various characteristics of a product can be protected simultaneously or successively by more than one of the statutory schemes of intellectual property.⁹⁸ Kohler contended that Moen's unpatented product configurations were not protectable under the Lanham Act because unpatented designs must remain in the public domain. The court rejected Kohler's argument based on the Supreme Court precedent in the *Sears*⁹⁹/*Compco*¹⁰⁰/*Bonito Boats*¹⁰¹ line of cases.¹⁰² The court reasoned that

trade dress the same analysis as to trademarks, see 1 MCCARTHY, *supra* note 15, § 7.02[7], at 7-72 (Rel. 28, 11/92). See also discussion in Part III.A.

94. 12 F.3d 632 (7th Cir. 1993).

95. 15 U.S.C. § 1127 (1994) ("The term 'trademark' includes any word, name, symbol, or device, or any combination thereof . . .").

96. *Kohler*, 12 F.3d at 633.

97. *Id.* at 636.

98. *Id.* at 638.

99. *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

100. *Compco Corp. v. Day-Brite Lighting*, 376 U.S. 234 (1964).

101. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989).

102. In *Sears* and its companion case *Compco*, the Supreme Court held that state unfair competition laws could not prevent the imitation of product configurations that would otherwise be unprotected under federal patent law. *Sears* involved the design of a pole lamp and *Compco* the design of a ceiling light fixture. In both cases, the lower courts upheld the state unfair competition statute and enjoined competitors from imitating the products. The Supreme Court reversed the lower court decisions and held that federal patent law preempted the state statute. *Sears*, 376 U.S. at 231-32; *Compco*, 376 U.S. at 237-38. The Supreme Court explained that when a design was not entitled to federal

Sears/Compco/Bonito Boats stood for the proposition that “state[] unfair competition laws could not extend patent-like protection to otherwise unprotected designs because such protection conflicted with the federal policy expressed in the patent clause and patent laws of generally free trade in unpatented design and utilitarian concepts.”¹⁰³ The court also offered the often-cited *Compco* “textual hook” that states that a design may be freely copied if the design is “not entitled to a design patent ‘or other federal statutory protection.’”¹⁰⁴ Then, the court buttressed its position by citing several cases that held that *Sears* and *Compco* do not prohibit protection for product configurations under the Lanham Act.¹⁰⁵ Finally, the court concluded that the goals of the Lanham Act and the nature of the protection given did not approximate the broad, limitless patent-like state laws that the Supreme Court held impermissible in *Sears*, *Compco*, and *Bonito Boats*.¹⁰⁶

The court then addressed the second inquiry: whether registration of product configurations was anti-competitive, thus inhibiting product development. The court stated that protection of product configurations would undermine product development only if the foundational purposes of trademark and patent law were ignored.¹⁰⁷ The court reasoned that in the same manner that patent law encourages discovery and innovation in “[s]cience and the useful [a]rts,” the economic rewards of trademark law encourage producers to discover and innovate their identifying names, symbols, or marketing techniques in order to exclude others from imitating such marks.¹⁰⁸ Moreover, the court stated that the Supreme Court in *Bonito Boats* explained that congressional adoption of section 43(a) of the Lanham Act and the continued existence of federal patent law and unfair competition law “were ‘affirmative indications’ that unfair competition law is

protection, the design must remain in the public domain where the public was at liberty to copy it without restrictions from state laws. The Court explained that to do otherwise would thwart one of the purposes of patent law, which is to encourage and reward invention, and would stifle fair competition in the marketplace. The Supreme Court concluded that state unfair competition laws were preempted by the purposes of the federal patent statute. *Sears*, 376 U.S. at 231-32; *Compco*, 376 U.S. at 237-38. See also Pegram, *supra* note 2, at 7 (observing that at the time *Sears* and *Compco* were decided it seemed that product configurations could not be protected under *any* unfair competition law) (emphasis added).

Twenty five years later, the Supreme Court affirmed *Sears* and *Compco* in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), by holding that a Florida law that protected designs that federal patent law would not protect was preempted. The *Bonito Boats* Court confirmed a competitor’s right to copy as being a necessary part of invention and competition in the market. *Bonito Boats*, 489 U.S. at 146. The Court explained that only Congress could grant temporary monopolies by authorizing the issuance of patents. *Id.* (citing *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966)).

103. *Kohler*, 12 F.3d at 639 (citing *Bonito Boats*, 489 U.S. at 152-54).

104. *Id.* at 640 (citing *Compco*, 376 U.S. at 238) (emphasis added). In *Compco* the Supreme Court stated that if a design was not entitled to a “design patent or other federal statutory protection,” the public was free to copy it. *Compco*, 376 U.S. at 238 (emphasis added).

105. *Kohler*, 12 F.3d at 640.

106. *Id.* at 636-44.

107. *Id.*

108. *Id.* at 643.

'consistent with the [policy] balance struck by the patent laws.'"¹⁰⁹ Finally, the court concluded that there was "no unavoidable conflict between the patent law and the federal trademark law as applied to product configurations" and affirmed the registration of Moen's faucet and lever designs as trademarks.¹¹⁰

While the Supreme Court has viewed the subject of product configurations from the broader perspective of federal preemption, the majority of lower courts have focused primarily on issues of functionality and secondary meaning. A recent study of registration and infringement cases during the last thirty years concludes that product configurations have been found inherently distinctive in only a minority of cases.¹¹¹ The overwhelming majority of registrations and litigated cases required proof of secondary meaning in order to receive protection.¹¹² In fact, in only two out of 106 reported decisions did courts find that product configurations were inherently distinctive and did not require proof of secondary meaning.¹¹³ For instance, although the Seventh Circuit extended trademark protection to Moen's faucet and lever designs, the court flatly denied that a product configuration could ever be inherently distinctive.¹¹⁴ Presumably, the question of distinctiveness in product configurations has not been contested because of the law's reliance on proof of secondary meaning. However, as a result of *Two Pesos*, the issue in product configuration cases became whether the configuration of a product could ever constitute inherently distinctive trade dress without having to prove that it had acquired secondary meaning in the market. The Third Circuit in *Duraco* held that a product configuration in certain cases can be inherently distinctive trade dress, thus expanding the scope of trademark law into the realm of product design.

II. DURACO PRODUCTS, INC. V. JOY PLASTICS ENTERPRISES¹¹⁵

A. Facts and Procedural History

This case involved a manufacturer of plastic planters ("Duraco") that sought to enjoin its competitor ("Joy") from allegedly infringing Duraco's trade dress under a section 43(a) claim. Duraco's most profitable garden product was a line of plastic planters in the shape of Grecian urns sold to large discount stores.¹¹⁶

109. *Id.* at 644 (citing *Bonito Boats*, 486 U.S. at 166).

110. *Id.*

111. Lawrence E. Evans, Jr. & Elizabeth A. Hoover, *Protection of Product Configurations Under the Lanham Act*, 1 U. BALT. INTEL. PROP. L.J. 126 (1993).

112. *Id.* at 133-38.

113. *Id.* at 136 n.104 (citing *Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 814 F.2d 346 (7th Cir. 1987) (configuration of folding table); and *Remcraft Lighting Prods. v. Maxim Lighting, Inc.*, 706 F. Supp. 855 (S.D. Fla. 1989) (configuration of lamp)).

114. *Kohler*, 12 F.3d 632, 641 n.11 (7th Cir. 1993)("[A] product's shape is never inherently distinctive."). See also RESTATEMENT (THIRD) OF UNFAIR COMPETITION §16 cmt. b (Tentative Draft No. 2, 1990) ("Product designs are . . . not considered inherently distinctive; such designs are only protectable upon proof of secondary meaning.").

115. *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431 (3d Cir. 1994).

116. *Id.* at 1434.

The planters were commercially successful, according to Duraco, because of the careful combination of ornamental features creating an illusion of marble, cement, or stone construction.¹¹⁷ Joy created a line of plastic urns strikingly similar to Duraco's.¹¹⁸ Joy's urns had a deeper bowl, to hold more water and soil for enhanced root development, and a lower center of gravity, to avoid tipping.¹¹⁹ Both planters had similar construction: a top "bowl" section that snapped at a joint onto a lower "base" section and an "egg and dart" pattern on the lips of the bowls.¹²⁰ However, there were also differences in the planters: Duraco urns had a smoother look, while the Joy planters appeared to have sharp uneven edges and poor color;¹²¹ the side of Duraco's bowls were curved while Joy's were straight; and Duraco had higher fluting on the bowl and pedestal and a wider "landing" on the lip between each flute.¹²²

Duraco inadvertently discovered Joy's competition when Duraco's chief executive officer came across a Joy urn at a retail store and purchased it thinking it was a defective Duraco urn.¹²³ Alleging trade dress infringement, Duraco sought a preliminary injunction¹²⁴ in the United States District Court for the Western District of Pennsylvania,¹²⁵ claiming that the total composition of the classical elements, not the individual elements, embodied in its urns merited trade dress protection.¹²⁶ In addition, Duraco claimed that Joy need not copy its urns in order to compete effectively, and that other manufacturers had created designs significantly different from Duraco's urns.¹²⁷ As support for its allegations, Duraco submitted several alternate designs that interpreted the same elements found in its neoclassically styled urns that could effectively compete in the market without infringing on Duraco's trade dress.¹²⁸

In determining whether to grant Duraco a preliminary injunction, the district court first addressed the issue of Duraco's probability of success on the merits.¹²⁹ The court evaluated the urns' trade dress according to the distinctiveness spectrum and found the designs to be descriptive at best, and thus rejected

117. *Id.*

118. *Id.* at 1435.

119. *Id.*

120. *Id.* at 1435-36.

121. *Id.*

122. *Id.*

123. *Id.* at 1436.

124. Four factors must be analyzed in considering a motion for preliminary injunction under FED. R. CIV. P. 65: 1) the probability that plaintiff will succeed on the merits; 2) the threat of irreparable harm to plaintiff if the injunction is not granted; 3) the balance between harm to plaintiff and the injury that granting the injunction would inflict on defendant; and 4) the public interest. *Duraco*, 822 F. Supp. at 1208 (citing *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1140 (3d Cir. 1986)).

125. *Duraco Prods., Inc. v. Joy Plastic Enters.*, 822 F. Supp. 1202 (W.D. Pa. 1993).

126. *Duraco*, 822 F. Supp. at 1208.

127. *Id.* at 1207.

128. *Id.*

129. *Id.* at 1208-10.

Duraco's claim of distinctiveness.¹³⁰ The court also found that secondary meaning had not been achieved because the evidence did not show that purchasers perceived that the plastic urns emanated from a particular source.¹³¹ Further, the court found the design functional because all the elements present in the planter were necessary to depict a classically styled urn made of alabaster.¹³² Moreover, the court did not find a likelihood of consumer confusion because consumers were not interested in the identity of the manufacturer and because there was no showing of actual consumer confusion.¹³³ Based on these factors, the court found that Duraco was unlikely to prevail on the merits of its claim.

Second, the court considered the threat of irreparable harm to Duraco.¹³⁴ Because Duraco's sales levels had not suffered since Joy's urns entered the market, the court held that there was a minimal threat of harm.¹³⁵ Next, the court weighed the harms to the parties and found that the harm to Joy would be greater if the injunction were issued because Joy relied heavily on the sale of its urns, whereas Duraco had other product lines in the market.¹³⁶ Lastly, the court held that Duraco had failed to establish that granting the injunction would benefit the public since there was no showing of consumer confusion due to Joy's competition.¹³⁷ Therefore, the court denied Duraco's motion for a preliminary injunction, and as a result, Duraco appealed.

B. The Third Circuit's Opinion

In affirming the district court's decision, the Third Circuit began its analysis by rejecting the application of the distinctiveness categories to trade dress in the configuration of a product.¹³⁸ The court explained that the configuration of a product is not a symbol that associates the signifier (the trademark or trade dress) to the signified (the product); therefore, a product configuration, constituting a part of the product, has no signifying relationship to itself.¹³⁹ The court further stated that a product configuration is neither descriptive or suggestive of the product, nor is it arbitrary or generic with regard to it: the configuration simply is the product.¹⁴⁰ Moreover, the court explained that the reasons behind the categories — the identifying relationship between the mark and the product and the degree to which it identifies the product — were not applicable to the product itself.¹⁴¹

130. *Id.* at 1209.

131. *Id.*

132. *Id.*

133. *Id.*

134. *Id.* at 1211.

135. *Id.*

136. *Id.*

137. *Id.*

138. *Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1440 (3d Cir. 1994).

139. *Id.* at 1440-41.

140. *Id.*

Judge Becker, who wrote the majority opinion for the Third Circuit, explained that the competition-based rationales employed by the Supreme Court in *Two Pesos* supported the finding that trade dress in product configurations may be considered inherently distinctive under very narrow circumstances.¹⁴² However, because Congress has been reluctant to legislate product design protection other than through the limited application of patent and copyright law, courts must exercise extreme caution in finding product configurations as inherently distinctive trade dress.¹⁴³ Therefore, the court carefully emphasized that it was not the role of the judiciary to undermine congressional intent not to grant permanent monopolies to product configurations by reading section 43(a) of the Lanham Act expansively.

Next, the court analyzed the goal of unfair competition law: the promotion of robust competition by proscribing only those practices that are unfair, such as deceiving consumers and trading off another's goodwill.¹⁴⁴ The court explained that the proper approach to inherent distinctiveness must be to acknowledge that unfair competition law allows the copying of desirable designs that have not obtained secondary meaning *but prohibits the copying of designs that represent the source of goods*.¹⁴⁵ Applying these principles, and following *Two Pesos*, the court reasoned that: 1) certain product configurations identify the product's source for the consumer's benefit; 2) unprivileged imitation of those product configurations may deceive purchasers; and 3) producers of those product configurations should not be placed in the position of losing their competitive status or risking "theft" of their trade dress by having to wait until their products attain secondary meaning.¹⁴⁶

Announcing its new test for inherently distinctive trade dress in product configuration, the court stated: "[T]o be inherently distinctive, a product configuration — comprising a product feature or some particular combination or arrangement of product features — for which Lanham Act protection is sought must be: [1)] unusual and memorable; [2)] conceptually separable from the product; and [3)] likely to serve primarily as a designator of origin of the product."¹⁴⁷ The court then applied this test to the facts and concluded that Duraco's urns were not inherently distinctive nor had they acquired distinctiveness through secondary meaning in the market.¹⁴⁸ First, the court stated that while Duraco's planters had features different from its competitors, distinguishability alone could not rise to the level of memorability and unusualness required.¹⁴⁹ However, the court also observed that it could not rule out that Duraco's planters might have been considered memorable and unusual at the time when Joy introduced its planters

142. *Id.* at 1446.

143. *Id.* at 1446-47.

144. *Id.* at 1448.

145. *Id.* (emphasis added).

146. *Id.*

147. *Id.* at 1448-49.

148. *Id.* at 1451.

149. *Id.*

in the market.¹⁵⁰ Second, the court found that Duraco's trade dress alleged in the configuration of its urns was not conceptually separable from the product itself.¹⁵¹ The elements that Duraco sought to protect, the look of classic elements made of marble or stone, constituted part of the overall product and could not be thought of separately from the planter.¹⁵² Lastly, the court believed that consumers would find the planter configuration attractive but would not necessarily read its trade dress as an indicator of source.¹⁵³ The evidence presented, the court observed, established that Duraco aimed to give its urns the impression of marble, stone, or cement, not to have those elements identify Duraco as the urns' source.¹⁵⁴

Having determined that Duraco's urns were not inherently distinctive, the court proceeded to examine the factors relevant in establishing secondary meaning, namely consumer surveys, advertising, and length and exclusivity of use.¹⁵⁵ The court concluded that Duraco's surveys did not reflect that purchasers associated the urns with a particular source, but instead reflected that consumers simply purchased the urns because they found them desirable.¹⁵⁶ Also, the court pointed out that Joy's attempts to copy Duraco's urns were not probative of secondary meaning because Joy may have been capitalizing on the desirability of the urns' configuration.¹⁵⁷ As to its advertising, the court noted that Duraco had not emphasized its trade dress in its advertisements. Lastly, the court observed that Duraco sold its urns for five years, an insufficient length of time to develop a heavy inference of consumer association with a particular source.¹⁵⁸ The court concluded that having failed to show that the trade dress was inherently distinctive, either through inherent distinctiveness or acquired secondary meaning, Duraco failed to establish likelihood of success in its Lanham Act claim.¹⁵⁹ Thus, the court affirmed the district court's order denying Duraco's motion for preliminary injunction.¹⁶⁰

III. ANALYSIS

When a word, symbol, or device serves as an informational tool to the purchaser, thereby preventing confusion and deception and protecting the goodwill of the producer, this word, symbol, or device may merit protection under the Lanham Act.¹⁶¹ However, the case law shows that almost all product configura-

150. *Id.*

151. *Id.*

152. *Id.* at 1451-52.

153. *Id.* at 1452.

154. *Id.*

155. *Id.*

156. *Id.* at 1452-53.

157. *Id.*

158. *Id.* at 1453-54.

159. *Id.* at 1454.

160. *Id.*

161. Lanham Act § 45, 15 U.S.C. § 1127. See also text accompanying *supra* notes 11-14.

tions that have received protection are those configurations that had developed secondary meaning in the market.¹⁶² The difficult issue facing the court in *Duraco* was whether a product configuration could be inherently distinctive at the outset and, in accordance with *Two Pesos* doctrine, not be required to earn secondary meaning in the market. In general, the *Duraco* court followed the Supreme Court's reasoning in *Two Pesos*, yet it placed restrictions on attaining protection. Although it seems that product configurations under *Duraco* would enjoy broad protection, attaching immediately upon entry into the market, the application of the court's new test yields a contrary result. The effect of *Duraco* is that very few product configurations will meet the high threshold laid out by the court. Therefore, those seeking protection will generally have to prove secondary meaning in the market, placing the thrust of product configuration protection on the public's perception, a proposition on which trademark law has historically relied.

Although the court has properly created guidelines for raising the threshold for finding inherently distinctive product configurations — unusualness and memorability, conceptual separability, and likelihood of serving primarily as source designator — *Duraco* could be criticized for several reasons. First, those who seek congressional action for the protection of industrial designs may point out that the court's new test merely extends the intuitive nature of the current judicial approach to trade dress, thereby preventing the desired protection. Second, traditionalists may argue that the court's rejection of the distinctiveness categories is unwarranted because product configurations should be treated as other forms of trade dress. Finally, those who oppose a broad reading of section 43(a) to include product configurations as protectable trade dress would argue that such protection results in limitless monopolies conflicting with other intellectual property schemes, and that purchasers do not rely on the configuration of a product for source indicativeness.

A. *The New Test Lacks the Intuitiveness of the Current Eyeball Test*

In determining whether words are inherently distinctive, courts usually consult dictionaries to evaluate the meaning and usage of the words.¹⁶³ As part of the analysis, courts categorize the words as arbitrary, fanciful, suggestive, descriptive, or generic.¹⁶⁴ However, with regard to trade dress, there are no dictionaries to which courts can refer, and little more than the "eye-ball test" to apply.¹⁶⁵ Professor Brown crystallized the risks involved in instinctively "eye-

162. See *supra* note 111 and accompanying text.

163. 1 MCCARTHY, *supra* note 15, § 7.02 [7][d], 7-72 to 7-73 (Rel. 28, 11/92).

164. See *supra* notes 35-51 and accompanying text.

165. See 1 MCCARTHY, *supra* note 15, § 7.02 [7][d], 7-72 to 7-73 (Rel. 28, 11/92). In a significant step in trade dress protection, the Eleventh Circuit articulated a three-part test for finding inherently distinctive trade dress in *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857 (11th Cir. 1983) relying on *Seabrook Foods, Inc. v. Bar-Well Foods, Ltd.*, 568 F.2d 1342, 1344 (C.C.P.A. 1977); however, the court did not consistently apply it. See also 1 MCCARTHY, *supra* note 15, § 8.02[4], at 8-18.1 (Rel. 3, 12/94) (summarizing the Eleventh Circuit's three-part test as "merely dif-

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balling" trade dress in the absence of an analytical structure:

[T]o say that the overall design of a useful article is inherently distinctive of a particular source just by examining it and perhaps dissecting it, seems to [be] an impermissible exercise of intuitive judging. It substitutes an impression that the design is outstanding, or eccentric, or clever, or something, for the proofs of association with a source, gained in the market-place, that add up to a showing of secondary meaning.¹⁶⁶

The intuitive exercise of "eye-balling" is precisely the reason why the court formulated a set of standards for determining whether trade dress, at least in the case of a product configuration, may be inherently distinctive. The court in *Duraco* observes the need for a separate test for product configurations because product configurations are fundamentally different from other forms of trade dress. However, the real reason for the court's new test is to curtail the subjective use of the eyeball test, which courts currently apply to determine the inherent distinctiveness of a product's trade dress. More specifically, *Duraco*'s test responds to the concern about the application of the eyeball test when the objective proof of secondary meaning is no longer required in accordance with *Two Pesos*.¹⁶⁷ Therefore, by replacing the eyeball test with a structure of high threshold elements, product configurations will be forced to earn secondary meaning in the market before finding protection under trademark law. Curiously, when the Supreme Court had the opportunity to address the issue of trade dress distinctiveness in *Two Pesos*, the Court was silent about what constitutes inherently distinctive trade dress. The court's new test seems to be an awaited development in trademark law. *Duraco* recognizes two things: first, there may be instances where the three-dimensional features of a product do symbolize source at the outset, and protection should be given only after conducting an analytical evaluation of the particular product configuration; and second, it affirms the reliance placed on the objectivity of acquired distinctiveness.

In comparison with the eye-ball determination, the elements in the court's new test — unusualness and memorability; conceptual separability; and the likelihood of serving primarily as source designator — provide a path to an objective approach to the inquiry of distinctiveness. The court's first requirement, unusualness and memorability, echo trademark law's intellectual property siblings, copyright law and patent law. Copyright law requires originality¹⁶⁸ and patent law

ferent ways to ask whether the design, shape or combination of elements is so unique, unusual or unexpected in this market that one can assume without proof that it will automatically be perceived by customers as an indicia of origin"). Only a few years after the Eleventh Circuit formulated the *Brooks Shoe* test, the court abandoned it and applied a different test, applying to trade dress the traditional distinctiveness categories used for trademarks. 1 MCCARTHY, *supra* note 15, § 7.02[7], at 7-72. Interestingly, the Supreme Court did not mention the Eleventh Circuit's test in its determination of inherent distinctiveness in *Two Pesos*. 1 MCCARTHY, *supra* note 15, § 7.02[7], at 7-73.

166. Brown, *supra* note 3, at 1380.

167. See Dillon, *supra* note 73, at 89 ("[*Two Pesos*] appears to stand for the proposition that the subjective or 'eyeball' test of distinctiveness should outweigh the objective or 'empirical evidence' test of acquired distinctiveness or secondary meaning.").

168. See 17 U.S.C. § 102 (1994).

calls for novelty and non-obviousness.¹⁶⁹ *Duraco's* unusualness and memorability require the particular three-dimensional feature or combination of features to be of a certain nature so that consumers are able to recognize in it something other than the product. The particular configuration has to be sufficiently unique to remain in the purchasers' minds. As consumers perceive the unusual and memorable configuration, they perceive a message. This message is the essence of trademark; it is the indication of source or sponsorship. Absent unusualness and memorability, the configuration may not be distinctive or strong enough to provide the information necessary to protect both the producer's goodwill and the consumer from confusion. The requirement of unusualness and memorability excludes from protection those designs that are customary in the industry, or those that are commonplace in the particular market at issue. This first element resembles the exclusion of generic and descriptive marks under the traditional distinctiveness spectrum.

The second element, conceptual separability, requires the purchaser to be able to mentally separate the merchandise itself from the three-dimensional features that strictly perform the symbolic function of signifying source. The requirement of conceptual separability is reminiscent of copyright protection for "pictorial, graphic, and sculptural works."¹⁷⁰ Under copyright law, conceptual separability refers to the ability to isolate the aesthetic characteristics of a product from its utilitarian aspects.¹⁷¹ However, the need for conceptual separability under trade dress law stems from the fact that a configuration will not be deemed inherently distinctive if it cannot effectively identify its source to consumers.¹⁷² To identify a product's source, a purchaser must conceptually perceive the particular configuration separately from the utilitarian and ornamental aspects of the product.¹⁷³ In perceiving the product configuration, the purchaser must be able to assess its symbolic meaning, which is to distinguish and designate source or sponsorship. If the purchaser views the product configuration as merely part of the product itself, as either an ornamental or a functional component, then it does not merit protection and competitors should be free to imitate the configuration. It may be argued that the requirement of conceptual separability seeks to encourage the creation of attractive configurations, a goal inconsistent with the established purposes of the Lanham Act. However, as stated above, this element merely requires that certain three-dimensional features of the product be perceived separately, to the extent that they effectively convey information to con-

169. To be patentable, a design or invention must be both "novel" and "not obvious at the time the invention was made to a person having ordinary skill in the art to which said art pertains." 35 U.S.C §§ 102, 103 (1994).

170. 17 U.S.C. § 102(a)(5).

171. For a thoughtful analysis of conceptual separability in copyright law, see *Brandir Int'l, Inc., v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1145 (2d Cir. 1987) (Conceptual separability exists "where design elements can be identified as reflecting artistic judgement exercised independently of functional influences.").

172. *Duraco*, 40 F.3d at 1449.

173. Although the court does not mention physical separability, a three-dimensional feature which is physically separable presumably meets the requirement of conceptual separability.

sumers, regardless of whether or not such three-dimensional features are attractive.¹⁷⁴

The last element of the court's test, the likelihood to serve primarily as source indicator, also has an objective component. This element has grounding in traditional unfair competition law, and it refers to the reaction of the consuming public. In the same vein as the likelihood of confusion under sections 32 or 43(a) of the Lanham Act,¹⁷⁵ this requirement indirectly places the consumer, one of the targets of protection, in the adjudication of legal protection. Accordingly, this element requires more than the fact finder's speculation on how consumers are likely to react in the future. Courts may use objective evidentiary considerations, such as consumer surveys, to determine likely consumer reaction to a product. A sampling of purchasers can determine whether others similarly situated will perceive a particular configuration as an indicator of source. In an economy where Americans are bombarded daily with hundreds of products through newspapers, magazines, junk mail, billboards, radio, television, and the Internet, it is important to consider how consumers are likely to perceive the messages that producers attempt to transmit to them. When a mark or trade dress does not immediately and directly indicate its source, trademark law has historically relied on consumers' *actual* impressions.¹⁷⁶ Yet, when a particular feature is able to send its message and consumers immediately read it, a producer should be able to protect that property right in the trade dress, without the risk of theft or anti-competitive effects.

B. Rejection of the Trademark Categories

Critics of *Duraco* could argue that the court's new test is an erratic deviation from the well-established distinctiveness spectrum, one of the cornerstones of trademark law.¹⁷⁷ In fact, the court's explicit rejection of the traditional distinctiveness categories highlights the fundamental difference between product configurations and other types of trade dress. The distinctiveness categories represent gradations in the relationship created between the identifying mark and the product, and the degree to which the mark identifies the product.¹⁷⁸ These gradations cannot be said to take place between the product and the configuration of the product.¹⁷⁹ A product configuration is not descriptive or suggestive of the product, nor is it arbitrary or generic with regard to it: the configuration simply

174. Critics of *Duraco* may note that transposition of conceptual separability from copyright law carries the current doctrinal debates taking place in the area of copyright law into trademark law. See generally, Shira Perlutter, *Conceptual Separability and Copyright in the Design of Useful Articles*, 37 J. COPYRIGHT SOC'Y 339 (1990) (stating that "[o]ne of the most difficult issues arising under the Copyright Act is the copyrightability of useful articles").

175. See text accompanying *supra* notes 56-58.

176. Dratler, *supra* note 22, at 896-97.

177. See text accompanying *supra* notes 35-38.

178. See *supra* notes 33-49 and accompanying text.

179. *Duraco*, 40 F.3d at 1440-41.

is the product.¹⁸⁰ Despite the fact that the categorization of marks along the distinctiveness spectrum has been firmly established by the case law, its application to product configurations has been questioned by commentators¹⁸¹ and at least one court.¹⁸² Furthermore, the four categories of distinctiveness — generic, descriptive, suggestive, and arbitrary or fanciful — break down into two major groups: those that are not inherently distinctive marks, and those that are inherently distinctive marks. Marks that are suggestive and arbitrary or fanciful are deemed inherently distinctive and thus fall under the second group. What *Duraco* does is provide a different method of classifying product configuration trade dress into the equivalent of the second group of marks. As stated above, an alternate method was necessary because of the unique nature of product configuration trade dress.

C. The Risk of Granting a Limitless Monopoly

Some commentators claim that trademark law is being used as a back door to federally permissible monopolies because the Constitution provides for protection “for limited times,”¹⁸³ through copyright and patent law, and Congress has continuously refused to extend protection to industrial designs.¹⁸⁴ Trademark law, however, does not specify a time limitation; the protection continues so long as the mark continues to be used in commerce.¹⁸⁵ The *Duraco* court anticipated this challenge and reasoned that the purposes behind the Lanham Act justify extending protection to the configuration of a product when it acts as source designator. The court recognized that this may be an easy proposition when traditional marks are involved, but it becomes a more difficult question when product configurations are involved because of issues of perception and functionality. This difficulty coupled with the limitless nature of protection under trade-

180. *Id.*

181. Gleiberman, *supra* note 83, at 2043 (stating that an appreciation of the basic differences between words, symbols and even product packaging from product configurations illustrates the need for varying legal standards); Hoffman, *supra* note 37, at 222 (“The [trademark distinctiveness] categories do not fit trade dress considerations very well.”); Dratler, *supra* note 22, at 938 (stating that some reformulation is required for the protection of distinctive product configurations because the doctrine of distinctiveness was developed to be applied to verbal marks).

182. Hanig & Co. v. Fisher & Co., No. 92 C1779, 1994 WL 97758, at *4 (N.D. Ill. Mar. 24, 1994) (arguing that the distinctiveness categories “break down when applied to product design” and “[p]erhaps product design should not be considered trade dress at all”).

183. “Congress shall have the Power . . . to promote the Progress of Science and the useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. CONST. art. I, § 8, cl. 8. See also Reichman, *supra* note 1, at 387 (stating that in the last two decades the federal district courts have been reading § 43(a) of the Lanham Act expansively, transforming this unfair competition provision into judge-made design law).

184. Brown, *supra* note 3, at 1395-1404 (describing several proposals presented to Congress during most of this century).

185. Lanham Act § 1(a), 15 U.S.C § 1051(a)(1)(A) (“The owner of a trademark used in commerce may apply to register his or her trademark . . . [b]y filing . . . a written application . . . specifying . . . the date of applicant’s first use of the mark, . . . the mode or manner in which the mark is used . . . including a statement . . . that the mark is in use in commerce . . .”).

mark law are precisely the reasons why the court advised the strict application of its new guidelines.

In line with *Two Pesos*, the *Duraco* court was concerned with the anti-competitive effects that would result from the misappropriation of a producer's new trade dress and the burden on start-up businesses. The court elevated the potential property right of the trademark owner over its competitors' right to imitate in an effort to prevent consumer confusion.¹⁸⁶ Also, the decision took into account that competitive interests in copying three-dimensional features of products have a built-in protection in the requirement of non-functionality. If a configuration is found to be functional, under any of the doctrine's definitions, the configuration will not be protected by section 43(a).

D. The Public's Perception

An important issue regarding trade dress in product configuration is whether purchasers in fact read a source indicator in the product configuration, or whether purchasers perceive the configuration as mere ornamentation.¹⁸⁷ When purchasers associate the product configuration with the product's maker or sponsor, the configuration performs as a source indicator, therefore falling under the protection of the Lanham Act. On the other hand, if consumers view the configuration simply as an aesthetic feature of the product, none of the Lanham Act purposes would be furthered by granting protection to those features. By relying heavily on the rationale of *Two Pesos*, the *Duraco* court has done two things: first, it assumed as fact that the reasonable prudent purchaser is able to read a source indicator in the configuration of a product; and second, the court attaches protection to a trade dress as soon as it enters commerce, without the buttressing of secondary meaning.

Trademarks, such as words and symbols, are simpler to evaluate as source indicators than traditional trade dress. Trade dress, such as a product's packaging or its "overall look," may be more troublesome to assess. For instance, there may be several components to evaluate, such as colors, textures, graphics, and shapes. Moreover, functionality issues are likely to arise, such as the use of a certain wrapping to protect the product from damage. Unlike a mark or packaging, a product configuration does not generally have the informational capabilities that a symbol or even the "overall look" approach has. The configuration does not speak of the product, generally it simply *is* the product.¹⁸⁸ The average consumer does not normally associate the configuration of a product as an indicator of the product's source, until the consumer is educated through advertisement and use.¹⁸⁹ The consumer might view the feature as either functional or as mere ornament. Consumers are drawn to products by what they see on the product, namely its configuration, for aesthetic or utilitarian reasons. The court's

186. Gleiberman, *supra* note 83, at 2056.

187. Brown, *supra* note 3, at 1341.

188. *Duraco*, 40 F.3d 1431, 1441 (citing Dratler, *supra* note 22, at 309).

189. 1 MCCARTHY, *supra* note 15, § 7.06, at 7-33 (Rel. 3, 12/94).

decision counters these arguments by setting forth characteristics that consumers can identify in a configuration that are intended to signify its source.

Lastly, the court goes to great lengths to advocate judicial restraint in expanding section 43(a) and in applying this test because it realizes the potential for a snowball effect. If courts construe *Duraco*'s new test broadly, thus granting protection liberally, legitimate competitors may be prohibited from engaging in robust competition. By raising the threshold and advocating its narrow application, the *Duraco* court seeks to limit the finding of inherently distinctive trade dress in product configurations. Therefore, by creating standards for exceptional findings of inherent distinctiveness, the court recognizes the appropriateness of secondary meaning as the general rule for product configurations as trade dress.¹⁹⁰

CONCLUSION

The Lanham Act aims to protect both producers and consumers. When a producer places a trademark or trade dress on the goods and services provided, the Lanham Act protects the producer's goodwill embodied in the trademark or trade dress. Similarly, the Lanham Act protects purchasers who rely on the trademark or trade dress for information about the product's source. The court's holding in *Duraco* affirms these goals by setting standards under which a consumer's perception of a product's trademark or trade dress is validated and, therefore, the consumer's right to be free from confusion by unauthorized imitators is protected. Likewise, the producer's interest in protecting the inherently distinctive configuration of a product is also given priority only when it meets certain requirements. Specifically, the new test for product configurations announced by the Third Circuit held that a product configuration may be inherently distinctive trade dress if it is: 1) unusual and memorable; 2) conceptually separable from the product; and 3) likely to serve primarily as source designator. In the wake of recent Supreme Court precedent, the *Duraco* court filled a gap that the Supreme Court left unanswered, bringing order to an area of trademark law that has vexed the federal lower courts and the intellectual property bar due to its continued expansion. The new test established in *Duraco* by the Third Circuit provides an objective structure to determine whether a producer who uses the configuration of a product as its trade dress has met the exceptional circumstances under which the product's trade dress is deemed inherently distinctive or whether the producer must invest time and effort to develop secondary meaning in the market in order to find protection under trademark law. In short, the court's new test is a much awaited step in the development of section 43(a) of the Lanham Act.

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190. See, e.g., RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 16 cmt. b (Tent. Draft No. 2, 1990); 1 MCCARTHY, *supra* note 15, § 8.02[3], n.11-12. See also William Gaske, Note, *Trade Dress Protection: Inherent Distinctiveness as an Alternative to Secondary Meaning*, 57 FORDHAM L. REV. 1123, 1130-31.